

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

)
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY) D.T.E. 01-85
)

OFFER OF SETTLEMENT

This Offer of Settlement ("Settlement") is entered into this 19th day of December, 2001 by and between Fitchburg Gas and Electric Light Company ("FG&E") and the Commonwealth of Massachusetts Division of Energy Resources ("DOER"), for the purpose of resolving all issues that were raised in connection with the above-captioned proceeding. FG&E and DOER are collectively referred to herein as the "Settling Parties." Pursuant to 220 C.M.R. § 1.10(8), the Settling Parties stipulate to the following:

1. On November 16, 2001, pursuant to G.L. c. 25 § 19; G.L. c. 164 App., §§ 2-1 through 2-10; and 220 C.M.R. §§ 7.00 et seq., FG&E filed with the Department of Telecommunications and Energy ("Department") a petition for approval by the Department of FG&E's proposed Gas Division operating budget of \$4,836.03 and applicable monthly surcharge of \$0.21 per monthly bill for the residential energy conservation service ("RCS") program for the calendar year January 1, 2002 through December 31, 2002 ("CY 2002").

2. Pursuant to G.L. c. 164 App., Sections 2-1 through 2-10, DOER must adopt a state plan and promulgate regulations necessary to implement that plan. DOER is responsible for: (a) establishing residential energy and conservation goals; (b) establishing RCS program guidelines; (c) monitoring the implementation of the program requirements; and (d) overseeing the implementation of the state plan by approving a utility coalition action plan ("CAP").

3. In support of this Offer of Settlement, the Settling Parties hereby incorporate into this Settlement the exhibits FG&E filed with the Department on November 1st and 16th in support of its proposed budget and surcharge.

4. DOER has received and reviewed FG&E's CY 2002 budget filing and finds that it is adequate to support its RCS activities.

5. FG&E's RCS budget filing complies with the requirements established in G.L.c. 164 App., §§ 2-1 through 2-10; 220 C.M.R. §§ 7.00 et seq.; and the filing requirements set forth in Mass. Save, Inc., D.P.U. 85-189 (1985).

6. FG&E further represents that the documentation provided by FG&E to reconcile undercollections and overcollections from prior fiscal years for its gas-related ECS expenses is complete and accurate. The effect of these reconciling items for FG&E's gas-related ECS expenses is an undercollection of \$2,218.17 for the period January 1, 2001 through December 31, 2001 and an overcollection of \$3,084.83 for prior years. Adjusting the budget amount by these figures results in a net amount of \$3,969.37 to be collected for CY 2002 for FG&E's Gas Division (see exhibit filed November 16, page 1).

7. FG&E's actual calendar year 2000 expenses were \$2,581.52 and are reasonable and therefore recoverable from ratepayers.
8. FG&E's actual Gas Division expenses for the first ten months of its fiscal year 2001, January 1, 2001 through October 31, 2001, were \$2,347.39 and are reasonable and therefore recoverable from ratepayers (see exhibit filed November 16, page 1). The Settling Parties agree that the Department will review FG&E's actual expenditures for the final two months of 2001 in the next annual RCS budget review.
9. FG&E's CY 2002 Gas Division budget is based on FG&E's Coalition Action Plan ("CAP"), as approved by the Division of Energy Resources, and an extrapolation of prior year's ECS/RCS budgets. These twelve-month estimated expenditures for CY 2002 in the amount of \$4,836.03 are reasonable and recoverable from the ratepayers.
10. FG&E's proposed CY 2002 Gas Division RCS surcharge of \$0.21 per bill per month, up from \$0.03 per bill per month, should enable FG&E to assure the successful implementation of its RCS program and will be subject to reconciliation as noted below.
11. Pursuant to 220 CMR 7.00, FG&E will submit an updated filing containing the reconciliation of actual expenditures of CY 2002 when FG&E files the CY 2003 RCS budget for Department review and approval.
12. FG&E calculated its Gas Division RCS surcharge by dividing the net amount to be collected to support gas-related RCS services by the total number of gas bills expected to be rendered during CY 2002. The RCS surcharge to be applied to FG&E's gas-only bills during CY 2002 shall be \$0.21 per bill per month.
13. FG&E's proposed CY 2002 RCS program budget, budget reconciliations, and proposed CY 2002 surcharge, are reasonable.
14. Pursuant to G.L. c. 25 § 19, FG&E funds all of its electric-related energy efficiency programs, including RCS, from a mandatory per kilowatthour charge. As indicated on Attachment 1-2 and 1-4 of FG&E's November 1 filing, the electric portion of FG&E's ECS program budget was included for informational purposes only. The electric portion of the ECS budget is not a proposal nor is FG&E seeking its approval.
15. The making of this Settlement shall not be deemed in any respect to constitute an admission by any party that any allegation or contention in these proceedings is true or valid.
16. This Settlement is expressly conditioned upon the Department's acceptance of all of its provisions, without change or condition, on or before December 31, 2001, and if the Department does not accept it in its entirety, without change or condition, the Settlement shall be deemed to be null and void and without effect, and shall not constitute any part of the record in this proceeding nor be used for any other purpose.
17. The Department's acceptance of this Settlement does not constitute continuing approval of, or precedent regarding, any particular issue in this proceeding, but such acceptance does constitute a determination that, as the Settling Parties believe, the provisions set forth herein are just and reasonable.
18. The discussions which have produced this Settlement have been conducted on the understanding that all offers of settlement and discussion relating thereto are and shall be privileged, and shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any further proceeding or otherwise.

Wherefore, the Settling Parties agree to jointly petition the Department to approve this Offer of Settlement by submitting a Joint Motion for Approval of Offer of Settlement in accordance with 220 C.M.R. § 1.10(8), and by their attorneys do hereunto affix their names.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
By its Attorney

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